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RURAL ELECTRIFICATION ADMINISTRATION

PROGRESS BULLETIN
GENERAL - NO. 54

(For release in morning papers of June 23, 1938)
June 22, 1938

Administrator John M. Carmody yesterday sent the following telegram to C. E. Grosbeck, president of Electric Bond & Share Company, New York:

"For ten years farmers in Clay, Putnam, Union, Bradford and Alachua Counties, Florida tried without success to get your Florida Power & Light Company to serve them. I am informed Company demanded each farmer pay from $100 to $1,300 to build line to serve him with result that virtually all farmers were denied benefits of electric service. Three weeks ago, after a year's preparation, a farmers' cooperative project financed by us began to stake lines. Immediately your company followed stakers, erecting company poles and running service into farms unasked and without service contracts. Your Company's belated attempt to smash this project is outrageous. I have just wired Harvey Couch as follows: quote I can well understand why large sections of the public criticize us for lending money to private companies whose brothers and brothers-in-law refused for years to give service in an area and then spring out to raid the first cooperative project that starts in the area. This is apropos of what one of your brother subsidiaries in the Electric Bond & Share is doing in Florida. I refer to the Florida Power & Light Company in the Piniell area. I realize you are not personally responsible for the conduct of officers of other subsidiaries but this action is so contrary to the position you have taken even before we lent you money that I feel it ought to be brought to your attention. Specifically, it is reported to me that the Florida Power and Light Company is following the cooperative staking crews and actually erecting poles where the cooperative staked, stringing wire and running service to houses of cooperative members who say they do not want this belated service from the company. Frankly, I thought this kind of jungle activity ended sometime ago. I do not know what you can do about it but I feel this is a reflection on every decent utility enterprise in America. unquote. REA has not only stuck to serving unserved farmers but insists that projects must be so developed that if not raided they will be self-liquidating. Such raiding as is now reported in Florida, similar to that already practiced by your Company in North Carolina, not only denies service to many farmers but by taking cream destroys the feasibility of projects on which the Federal Government made loans in good faith. We want to keep these loans sound in everybody's interest. As I have already suggested to Mr. Couch this sort of conduct reflects on every decent private utility in America."